FOREIGN AGRICULTURE

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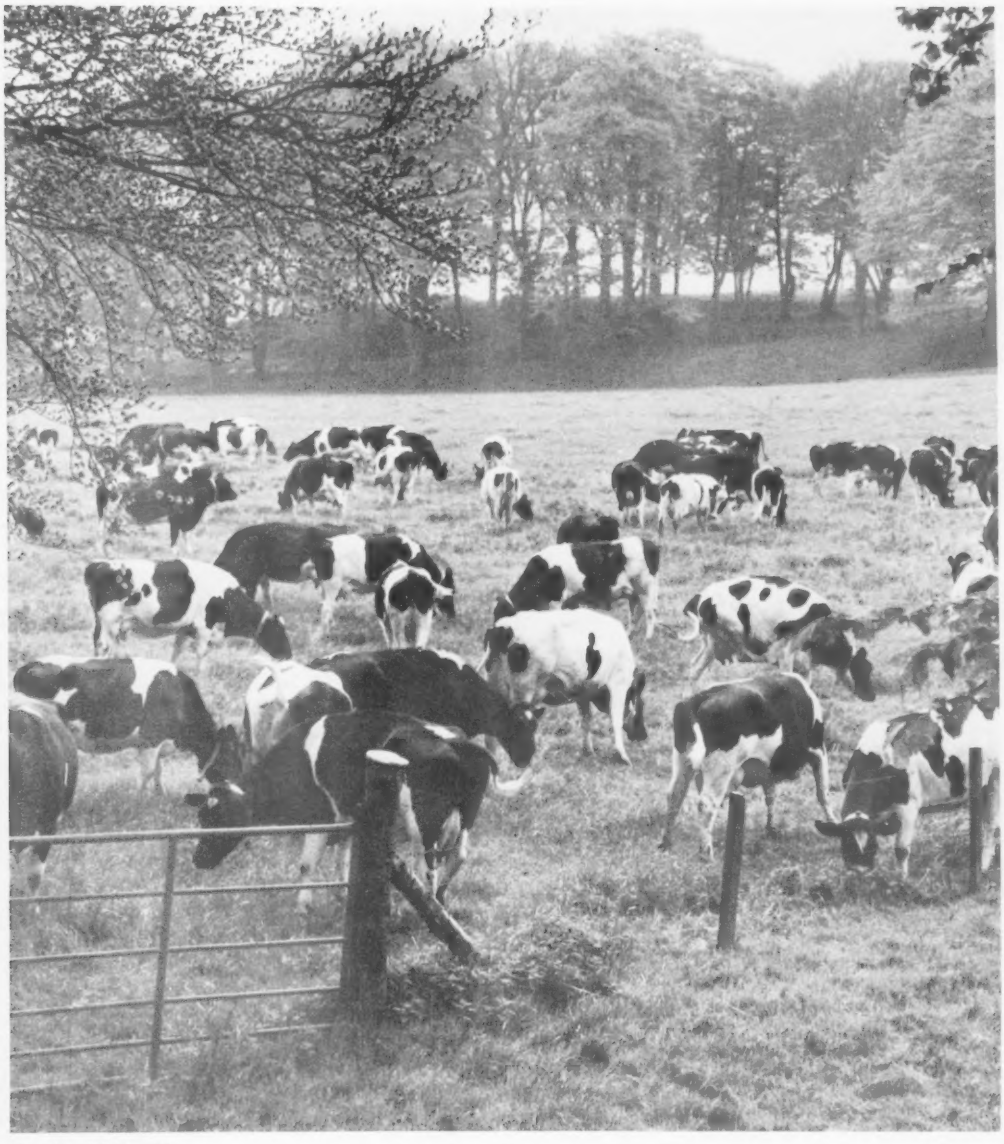

Grazing Irish cattle.

Ireland and the EC

World Food Price Survey

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

Holstein-Friesian cattle on an Irish farm. Ireland had hoped that membership in the European Community would bring vast benefits to its livestock industry. This has not happened, however. See article beginning this page.

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Honeymoon Ends, But Irish Still Value EC Membership

By ROBIN F. MOSSE
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THE EUPHORIA that accompanied Ireland's entry into the European Community in January 1973 has turned to disillusionment, causing some Irish second thoughts about the advantages accruing from EC membership.

The turnaround came on the heels of the most difficult period Irish farmers have faced since the cattle price slump of 1966-67 and in the midst of a rapidly developing economic crisis in the Irish economy as a whole. The speedy expansion of the livestock industry apparent since 1972, has come to an abrupt halt and—just as impending EC membership was credited by many for the 1972-73 boom—EC membership is now being partially blamed for the present less-favorable situation.

In the years up to 1971, both Irish production costs and incomes had been low. Irish agriculture—particularly the livestock sector—relied on exports to absorb the bulk of production and farmers were mainly dependent on the United Kingdom, Ireland's most important trade partner. But Britain's cheap food policy tended to limit Irish profits.

Irish farm incomes averaged well below those of most other segments of the Irish economy. But Ireland's entry into the EC promised farmers for the first time stable, guaranteed markets and the possibility of a significant increase in their incomes—phased over the 1973-78 period—to levels comparable with those of their city neighbors. The beef and dairy sectors, which together contributed 60 percent of gross agricultural output in 1971, were the most likely gainers.

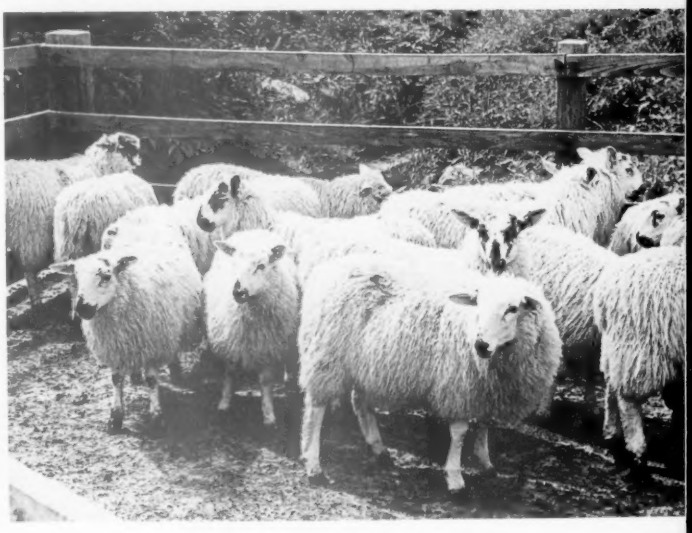
In 1971, Irish agriculture contributed about 24 percent of the gross national product at factor cost and 48 percent of total exports; so not only was Ireland's largest industry promised an entry into a big, new market at guaranteed prices, but also freedom from total dependence on the United Kingdom. Many Irishmen believed this to be economically and politically desirable. In return, a moderate increase in inflation of about 9-10 percent over the 5-year transition period was expected, as prices—particularly of food—rose to meet EC levels.

However, instead of rising gradually over the 5 years, farm incomes jumped to EC levels in one bound, mainly because of the world beef shortage and a strong market for dairy products. Between 1960 and 1970 the agricultural price index rose by 40 percent. In 1971, it jumped an additional 7 percent, but in the following 2 years soared a startling 59 percent and, for the first time, Irish farm-family incomes exceeded industrial incomes.

These price jumps encouraged speculation in farm products as, for example, when farmers held on to cattle in the expectation prices would rise even higher. At the end of 1973, however, world beef prduction overtook demand and Irish prices started to fall. Farmers began to cull old cows, kept in the herds for breeding because of attractive calf prices, thereby aggravating the glut. By the fall of 1974, beef prices were back to the relatively low levels at which they were before Ireland joined the EC, while some feeder cattle prices fell to the slump-level of the 1960's. And although milk prices held firm, calf prices nosedived.

A newborn calf that would have brought the equivalent of US$117 the year before was only fetching US$23.40 by the fall of 1974 (based on an exchange rate of £1=US$2.34). Some other sectors of agriculture such as cereals benefited from the rising prices but, overall, the agricultural price index stagnated from the middle of 1973 to the present.

At the same time, farm input costs rose rapidly. The 1974 EC report, *The Agricultural Situation in the Community*, shows that production costs in Ireland rose 66 percent during both 1973 and 1974—a greater jump than in



An estimated 20,000 farmers marched through Limerick in September 1974 to protest farm prices, left. Irish Greyface hoggets, below. Ireland wants EC to set Common Agricultural Policy for sheep.

any other EC Member State. Fuel and oil-based products such as fertilizers climbed because of oil problems. The world grain shortage sent feed prices rocketing, bringing about production declines in 1974 (compared with those of 1973) of an estimated 11.4 percent in hog production to about 279 million pounds, 10.6 percent in broiler output to 57.8 million pounds, and an estimated 4 percent in milk outturn to about 1.02 billion U.S. gallons.

The price squeeze was further exacerbated by Ireland's large cattle herds during 1973 and 1974, for which no feeding provisions had been made, and a cold, wet spring in 1974, both of which caused fodder stocks to fall short of actual needs. Cattle output was expected to increase 40 percent in 1974, compared with a year earlier, but a later drop was anticipated as farmers sold accumulated cattle stocks. However, any benefit from these sales was likely to be negated by lower selling prices and higher costs of doing business.

Overall, farmers' 1974 net incomes were probably 15 percent below those of 1973, according to Brendan Kearney, an economist in the Irish Agricultural Institute, the country's farm research body. And, when inflation is taken into account, the decline in farmers' real earnings is much more severe, he believes.

But even as farmers suffered a decline in income, food prices in the stores rocketed upward and the consumer price index rose by nearly 18 percent between mid-August 1973 and mid-August 1974. Irish industry and commerce began to encounter financial difficulties and by the end of November 1974, unemployment was at its highest level since 1959. The trade balance also deteriorated rapidly with a massive 84 percent increase in the import excess between October 1973 and the same month in 1974.

Consumers found it difficult to understand why food prices should be rising in the shops even as farmers protested on the streets by the thousands, claiming they were approaching bankruptcy. The EC, Irish Government policy, and profiteering by middlemen were variously blamed for the high food prices. However, the Irish now realize that many factors went into these high prices.

AMONG THEM are the recessions hitting most countries, the EC beef surplus that reduced Irish exports to the Continental EC from 50,000 tons annually to 20,000 tons, and worldwide feedgrain shortages. It is also clear to many that the oil problem played a large role in Ireland's present difficulties and that the EC Common Agricultural Policy (CAP) has not protected Irish livestock farmers as it was supposed to.

The Irish reference price for cattle (the weighted average market price for fat cattle) fell in October 1974 to barely half the Irish Guide Price—the average price the EC considers desirable for producers to receive. Bickering between Member States, postponement or watering down of policies such as that governing the Regional Fund, and mounting compensatory export charges on Irish farm products sold to other EC countries because of falling sterling values, all contributed to the loss of confidence in the Community.

Criticism also extends to EC directives designed to help only small farmers who have the potential to earn incomes comparable with the nonagricultural sector, while encouraging the rest to find other employment or—in the case of older farmers—to retire.

In short, Irish farmers believed market slumps have been as bad under EC membership as any previously experienced; they saw the lucrative, larger EC market decline sharply in a time of surplus, forcing Irish exporters to fall back on the United Kingdom; they believe France can still close its market to Irish lamb exports whenever it desires; and that net farm incomes were only a little better than before.

One of the adverse short-term effects of the present crisis will be a delay in reaching production targets experts say should be possible under EC membership—annual production of 2 million cattle and 3 million hogs by 1978 and 1.56 billion U.S. gallons of milk by 1980. Mr. Kearney also forecasts

that a drawdown in breeding herds will drop total beef and dairy cow numbers to the 1973 level of 2.09 million head by 1975 and cause a 20 percent decrease in hog production. It is further believed that fertilizer use will drop in reaction to high prices, although cereal and sugarbeet acreage should increase.

The consensus in Ireland is that the country, dependent as it is on agriculture, is still "better in than out" of the EC. But even the most enthusiastic advocates of EC membership are now taking a hard second look at the workings of the EC, particularly the CAP, and are making suggestions for change.

These include the removal of Monetary Compensatory Amounts (MCA's) that are applied by the EC to remove any advantages the Irish might gain from fluctuating currency values, compared with other EC countries, but that really act as "export taxes" on major Irish agricultural products sold to other EC members and third countries; creation of a CAP for sheep; and provision of a comprehensive regional policy for backward areas that would eliminate the need for emigration of farm labor to other areas and countries. Critics have also called for a reappraisal of the intervention support system to insure that farmers get full benefit of commodity price supports instead of allowing exporters, meat factories, wholesalers, and other middlemen to skim off farm supports and subsidies in the form of extra profits.

UNLESS A FARMER is large enough to own factory processing facilities or an export business, he is obliged to sell to middlemen or cooperatives who, in turn, may sell the processed product to intervention and collect EC subsidies such as the slaughter premium.

The result of these appeals may well be adoption by Ireland of a more flexible attitude toward changes in the CAP than its previous "no change" policy stance alongside France. It is probable that Ireland, as an agricultural exporting nation, will continue to favor high farm prices, but it has been realized that improvements in farmers income must be related to existing economic situations and the growing needs of the consumer.

Also a measure of "horse trading" will be necessary to attain Ireland's most important basic aims and could

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Germany's Imports of U.S. Corn Cause Some Surplus Wheat Stocks

By HOMER F. WALTERS
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DESPITE A RECORD grain crop in 1974, Germany's imports of corn from the United States this year are expected to be at about the same level as last year's, or some 2.5 million metric tons.

The availability of substantial quantities of U.S. corn at highly competitive prices caused the replacement of some German homegrown wheat in feed rations.

This surplus German wheat is finding its way into intervention stocks, and 1975 U.S. corn imports may again result in excess wheat supplies that may in turn find their way into intervention stocks.

In 1974, Germany produced 22.6 million tons of grain—1.4 million tons more than in 1973. Added to the production increase were almost 900,000 tons more grain carried over into this year than was carried into 1974. This gave Germany a domestic supply about 2.1 million tons above last year's. Wheat accounted for 760,000 tons of the increase, barley slightly more than 1 million tons, oats were up about 350,000 tons, corn by 250,000 tons, while rye declined about the same amount.

The domestic market is believed able to absorb the additional stocks of barley and oats without difficulty. Of the 1.35 million tons of additional barley and oats, about 850,000 tons of the increased supply are expected to be fed, replacing about 142,000 tons of feed rye, and reducing the need for imported barley, oats, and rye for feed by about 385,000 tons. Neither the volume of exports—estimated at 500,000 tons—nor the ending stocks—forecast at 2.5 million tons—differ significantly from last year's.

On the other hand, Germany's additional wheat supplies are more than can be consumed domestically. When Germany's wheat stocks of 2.45 million tons—carried into the current crop year—are added to the record production estimated at 7.76 million tons, the total is about 760,000 tons above that domestically available in 1973. In addition, the quality of this year's crop was markedly lower than last year's, indicating that more could be fed. Yet the feed sector is not expected to use more than one-third of this increase, or about 280,000 tons. Thus, most of the increased supplies must either be exported or carried over into 1976.

Present estimates of wheat available for export or carryover are about 3.5 million tons, of which about 800,000 tons could be exported prior to the end of the crop year, leaving 2.7 million tons for yearend stocks. Since 1964, the wheat portion of all grain carried over has usually ranged from 43 to 48 percent of the total. The proportion of this year's ending wheat stocks, compared with total ending stocks of all grains, is estimated at about 45 percent, and would be only slightly higher than the average of 2.5 million tons carried out during the past 10 years.

Corn production in Germany has not increased significantly since 1970, ranging from 506,000 to 594,000 tons. The current crop is estimated at 521,000 tons. Thus, corn imports have had to be increased substantially over the past several years to keep pace with growing livestock needs.

THIS YEAR, total corn imports are expected to be about 3.3 million tons, down slightly from 1974's 3.5 million. The United States, however, is expected to provide the same amount as last year, or 2.5 million tons. The remainder should come mostly from France, with South Africa and Argentina as minor suppliers.

As corn prices undercut wheat and feed-wheat demand dwindled, German wheat owners sold increasing amounts of their supplies to intervention stocks. Intervention stocks at the end of April 1975 had jumped to 791,000 tons from 139,000 tons 3 months earlier, and 219,000 tons at

the end of April 1974. In addition, about 150,000 tons of wheat were still under a special intervention program that terminates at the end of February 1976, under which title to the grain remained vested in the depositor. Earlier prices indicated that most, if not all, of the wheat under this special program would have been sold to the intervention agency if the program had not been extended beyond March 31, 1975.

These amounts should not cause any appreciable concern prior to the 1975 harvest, but could encourage efforts by the German intervention agency to seek export relief about the time a bumper U.S. wheat crop is being marketed.

There was a short period earlier in the marketing year when wheat was expected to replace corn to an appreciable extent, thus relieving the wheat surplus somewhat.

Until September 1974, corn was sufficiently competitive with domestic wheat to retain its place as the principal grain in mixed feed compounds. Corn was able to compete against wheat even at premiums of up DM15-20[1] because of the need to add fat to rations containing wheat. Also, some wheat holders were reluctant to sell in anticipation of an increase in EC prices. Thus, corn prices in the range of DM445-455 were considered acceptable to the end users.

But then began the first of two dramatic changes in the relationship of corn to wheat. About the end of September 1974, corn prices turned sharply higher, keyed as they are to Chicago futures prices. In 3 weeks, Chicago December prices had jumped from $3.35-$3.45 a bushel to more than $3.95.

By early October, corn in Germany was being offered at DM500-510—and was no longer competitive with wheat. Wheat was still the best buy for compounders even after an increase of 5 percent in the European Community intervention price, effective October 7, 1974. Wheat now had a spread of up to DM70 within which it could compete against corn.

As an example, feed-type wheat in Hamburg had a ceiling based on the corn price of about DM500 and a floor supported by the intervention price of DM428. Feed compounders immediately changed their formulas to use wheat to the greatest extent possible, even to the point of reselling some corn they had bought. At this time, it appeared that the German wheat surplus problem would be resolved.

This forecast proved to be short-lived, however. By early January world corn prices had fallen below the EC threshhold price, EC corn levies had been reinstituted, and Germany was preparing for heavy arrivals of corn, most of it from the United States.

THE GLUT OF CORN discharged at Rotterdam and north German ports was reflected in Hamburg prices, which had fallen from a high of about DM500-510 in October to DM390-395 in January and February. U.S. corn was then competitive with other feed grains and especially wheat well into south Germany and along the upper Rhine close to the French border. The lowest intervention price anywhere in Germany was about DM430 in the south and corn prices were still lower.

There were two major reasons for the sudden decline in corn prices in Germany—the falling corn market in the United States, and the cheapening dollar relative to the German mark.

In early November, the Chicago December corn future reached $4 per bushel, the highest point in the December future. Before the December future ended, the price had dropped to $3.46 per bushel. This decline was reflected in Rotterdam prices that fell about $20 per ton from early November to January 3, 1975, when an EC levy was imposed.

Concurrent with the falling corn price was the continued weakness of the dollar. About November 1, the dollar bought 2.575 West German marks, but by January 2, 1975, that rate was down to only 2.421. The combination of these two factors caused a decline in corn prices on a German mark basis of over 15 percent in November and December.

As importers anticipated further declines in the offering price and/or rates of exchange, sizable numbers of EC import licenses were taken out prior to the imposition of the levy. From the beginning of the EC crop year on August 1, 1974, through December 12, 1974, importers took licenses in Germany for corn imports totaling 474,251 metric tons. By January 7, 1975, less than 1 month later, the total had shot up to 913,273 metric tons, almost 20 percent more than had been licensed through about the same date last year. Through December 12, 1974, licenses issued in

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[1] On Mar. 20, 1975, DM1=US$0.4326.

Top, a West German farm. Despite a record West German grain crop in 1974, West German imports of U.S. corn were about 2.5 million metric tons and are expected to be about the same this year. Above, transferring wheat from grain elevator at Hamburg to a canal barge for shipment to interior Germany. Much German wheat is going into surplus stocks because of large U.S. corn purchases.

The Genesis of Agricultural Export Sales Reporting

By GEORGE S. SHANKLIN
Assistant Administrator, Commercial Export Programs
Foreign Agricultural Service

This is the first in a series of articles on USDA's export reporting system, now a responsibility of the Foreign Agricultural Service and source of the weekly report, *U.S. Export Sales*.

THE UNITED STATES current experience with monitoring export sales of key farm products, while new, is not without precedent. In fact, in times of short supplies and national emergencies, attempts have always been made to keep track of agricultural sales and have included more stringent measures than those currently employed.

The difference is that the United States now is using a more systematic means than ever before—the monitoring of weekly export sales of cotton, grains, oilseeds, and oilseed products—and is exploring its possibilities as a useful forecasting help. In doing this, the U.S. Department of Agriculture has been able to draw on the experience gained over the years in the administration of various agricultural export programs.

This development of U.S. export reporting has been largely accidental and spasmodic, most often coming as a by-product of U.S. Government export programs designed to enhance exports of surplus farm commodities. For example, the export payment program that implemented U.S. participation in the International Wheat Agreement beginning in 1949 required registration of export sales for most shipments from the United States until 1967. Similar programs have existed intermittently for rice and tobacco.

For part of the postwar era, export sales of feedgrains were either subsidized or supplied exclusively from CCC stocks at special prices. And since the mid-1950's, information on export sales activity under Public Law 480 and the CCC Credit Sales program has been either reported or readily available to anyone requesting it. All of these programs yielded sales data, although they were not undertaken for this purpose.

During the two world wars, different —and more stringent—measures were used to ration scarce raw materials, then considered strategically important.

Exports during World War II were controlled by a permit system, and some means of export control also has been employed in earlier periods of national emergency.

Later, during the Cold War years, export licenses for farm commodities were required for specified destinations. In fact, licenses were required for grain shipments to most Communist countries until 1971, when President Nixon terminated an Executive Order issued in 1963 to enforce the use of American flag shipping. By their nature, these programs also required export sales to be reported.

All of these earlier collections of export sales data had in common the fact that none applied to free market conditions. The subsidy and special price sales programs all involved financial penalties for failure to ship. The various licensing and permit programs were undertaken under authorities that imposed substantial obstacles to the making of an export sale. Virtually all sales made under these conditions were shipped—either because damage clauses or penalties made it expensive not to do so or because the license or permit was so difficult to get in the first place that once in hand, it had value.

With the transfer of U.S. agricultural attachés from the Department of State to USDA's Foreign Agricultural Service in the mid-1950's, the Department began to place greater emphasis on market development activities and commodity intelligence work. Attachés stationed in foreign countries overseas thus became more and more involved in reporting on trade activity and supply demand situations and in facilitating trade under various programs.

One of these foreign market development programs, the so-called cooperator program carried on by private trade associations for various commodities in cooperation with FAS, produces similar information on trading activity and potential as one step toward increasing sales to foreign markets. Close work of attachés and cooperators with U.S. exporters and foreign importers results in a more detailed, more sophisticated type of market intelligence. This information is published for many American farm products and foreign countries in various commodity, trade, and agricultural situation reports issued by FAS and in cooperator newsletters. Export sales data from these sources are available to the general public. The largest users are government, commercial trade interests, publications, and professional analysts in and out of universities who can afford the time to collect and study these reports.

Dependence on such market intelligence grew in importance as carryover stocks in the world declined. Meanwhile the corollary data generated by export assistance programs diminished in scope as their share of total U.S. agricultural exports dropped to about 5 percent.

THIS GROWING need for information culminated in the first systematic attempt at monitoring of export sales. This was undertaken by the Commerce Department under authority of the Export Administration Act on May 22, 1973, when shrinking supplies of ferrous scrap threatened domestic steel operations. The next such attempt, and the first system to monitor export sales of agricultural commodities grew out of concern for domestic supplies following massive grain and soybean exports during the 1972-73 crop year.

Under the Economic Stabilization Program, Government price ceilings were imposed on processed commodities but not on raw agricultural commodities, and this combination made domestic supplies particularly vulnerable to world demand. Foreign buyers who could sell their products at unrestricted prices were able to outbid domestic users of raw agricultural commodities.

Hence, on June 13, 1973, President Nixon again drew upon the Export Administration Act for authority to launch a program for monitoring export sales of a number of agricultural commodities. The announcement also paved the

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U.S. and Netherlands Food Prices Exceptions to Upward Trend

FOR THE FIRST TIME since April 1974, the U.S. Food Price Index declined over a 30-day period. The decrease, which amounted to 0.2 percent, occurred during April 1975. In the Netherlands, the FPI declined during February by 0.3 percent.

All other countries covered in the survey by U.S. Agricultural Attachés showed increases in varying degrees, with Argentina (recently added to the list) showing the greatest increase—5.1 percent during the previous month.

On a 3-month basis, Argentina's rate of increase was a forceful 26.1 percent, while the U.S. figure reflected the smallest price increase—0.9 percent. In Canada, Mexico, and the Netherlands, the increase was 1 percent.

On a 1-year basis, the South American countries showed the greatest inflationary trend in the FPI. Argentina's increase was 52.7 percent, and that of Brazil was 26.3 percent.

In contrast, the North European countries were the least affected by rising food prices. Germany had an increase of only 4.4 percent; Sweden, 6.9 percent; and the Netherlands, 7 percent.

The Consumer Price Index, also, is published once a year. The latest CPI reflects an upward trend in all 14 countries surveyed. As with the FPI, Argentina again tops the list. On a yearly basis, the rate of increase there was 57.5 percent. Germany's increase was the lowest—5.9 percent—and the increase in the United States was 10.3 percent.

Meat price increases were reported in a majority of the capitals surveyed. In Brussels, the Government has imposed a 2-month freeze on prices, with extension a possibility. The measure applies to all foods except those for which prices fluctuate seasonally, such as fruits, vegetables, and eggs.

Beef prices are 12-14 percent above those quoted in the previous survey, while cattle prices are up only slightly. Pork prices are up 3-7 percent. Cooked ham and bacon prices dropped by 15 and 13 percent, respectively.

Canberra beef price increases appear to be a result of higher marketing costs, as there have been no increases at the auction level. Beef sirloin, which has been trending down, showed a sizable

FAS FOOD PRICE SURVEY—HOW IT WORKS

The Foreign Agricultural Service conducts surveys of food prices on first Wednesdays of every other month in 15 commercially important world capitals. Surveys are made by U.S. Agricultural Attachés (or assistants) in each city and by the FAS Special Projects Division in Washington.

Representative retail food stores are visited in each city, and average prices are constructed for each of the 18 requested items. This information is cabled immediately to FAS in Washington, where the foreign prices and weights are converted to U.S. equivalents. Currency is converted on the basis of its actual value on the date of the survey.

Food items in the summary are selected from the various categories essential to the diets of countries in the survey. Additions or deletions are made on the basis of U.S. market conditions and world consumption patterns.

Consumer Price Indexes (CPI's) and Food Price Indexes (FPI's) are maintained by FAS for all countries covered by the survey. FPI's, along with the food price survey, are published bimonthly; the CPI's are published annually in May.

Of the 15 countries covered in the survey, 14 publish both CPI's and FPI's on a monthly basis. Australia publishes its CPI quarterly.

In the FAS CPI and FPI indexes, a base of 100 has been set for 1970. The base years used by other countries in the FAS survey range from 1949 to 1974.

Accurate conversion of all country data to the 1970=100 base is essential to the meaningfulness and accuracy of the reports.

PRICE INDEX CHANGES IN SELECTED COUNTRIES

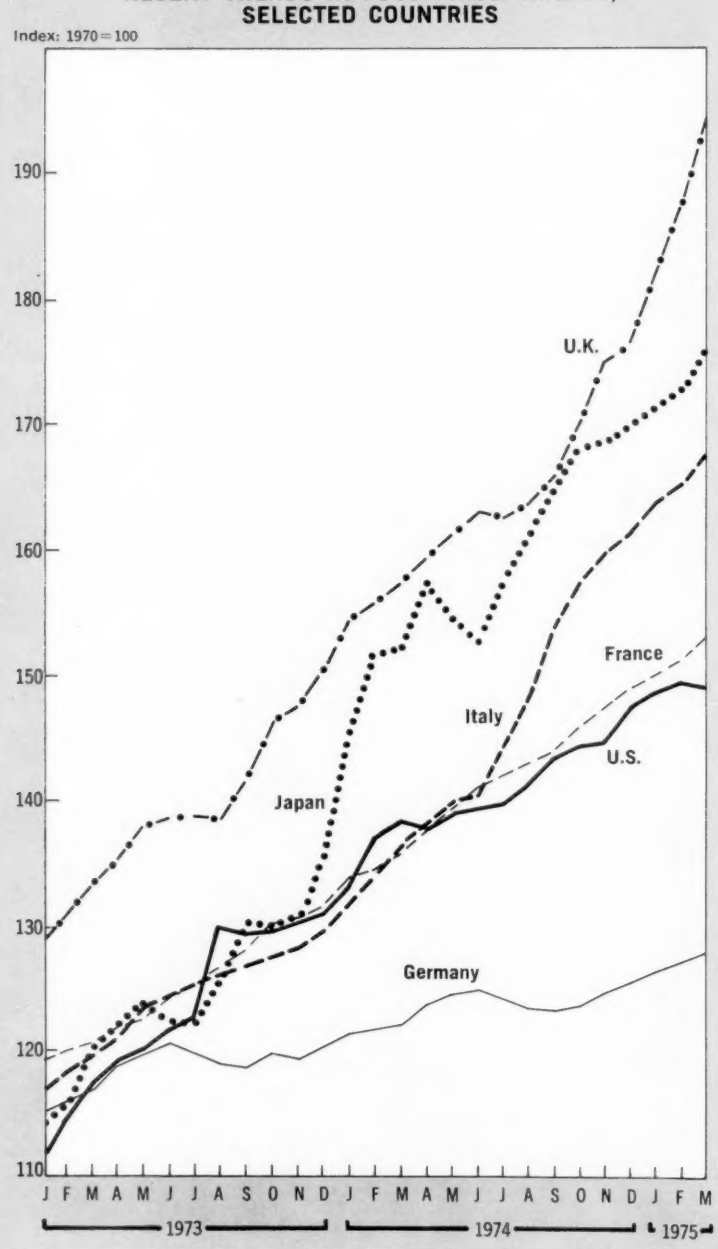
Country	Food price index changes				Consumer price index changes			
			Percent change from			Percent change from		
	Latest month	Index 1970=100	Prev. month	Three months	One year	Index 1970=100	Prev. month	Three months	One year
Argentina	Feb.	572.9	+5.1	+26.1	+52.7	584.4	+4.7	+21.2	+57.5
Belgium	Apr.	138.8	+ .9	+ 3.0	+10.8	146.8	+1.1	+ 2.9	+14.4
Brazil	Mar.	260.9	+ .3	+ 4.0	+26.3	241.7	+1.9	+ 6.8	+27.7
Canada	Apr.	157.2	+ .5	+ 1.0	+13.0	138.6	+ .5	+ 1.8	+11.1
Denmark	Mar.	159.5	+ .8	+ 1.7	+13.0	153.2	+ .7	+ 1.1	+13.4
France	Mar.	153.1	+1.1	+ 2.8	+12.5	148.2	+ .8	+ 2.7	+13.5
Germany	Mar.	127.7	+ .5	+ 1.8	+ 4.4	132.6	+ .5	+ 1.9	+ 5.9
Italy	Mar.	167.9	+1.4	+ 3.8	+22.7	165.8	+ .1	+ 2.9	+20.3
Japan	Mar.	176.1	+1.8	+ 3.7	+15.6	167.6	+1.0	+ 1.8	+14.2
Mexico	Mar.	176.7	+ .4	+ 1.0	+12.6	175.2	+3.5	+ 5.4	+19.1
Netherlands	Feb.	135.0	− .3	+ 1.0	+ 7.0	144.6	+ .2	+ 1.3	+ 9.3
Sweden	Mar.	143.1	+ .8	+ 2.3	+ 6.9	142.4	+ .6	+ 1.2	+ 7.7
United Kingdom	Mar.	194.7	+3.8	+10.1	+23.5	170.0	+1.9	+ 6.3	+21.0
United States	Mar.	149.1	− .2	+ .9	+ 7.7	135.7	+ .4	+ 1.6	+10.3

gain of 16 cents per pound. Pork prices also moved higher by 10 cents per pound. The one meat showing a decline was canned ham.

In London, sharp meat price increases are attributed to seasonal influences compounded by unusually cold weather in late March and early April. Feed costs were up, and there was a reduction in number of animals marketed. In addition to the higher listed meat prices, lamb—while marginally cheaper than 1 month earlier—is more expensive than it was a year ago.

In Mexico City, the price of ham dropped from $1.88 to 88 cents per pound during the 2-month period covered in the survey. This low price, however, appears to be a result of special promotion action and may not be comparable with types and prices reported previously.

RECENT TRENDS IN FOOD PRICE INDEXES, SELECTED COUNTRIES



Many items in Mexico City are subject to retail price ceilings—including beef, eggs, milk, vegetable oil, bread, sugar, and rice—which tends to restrain increases in overall consumer prices.

Poultry and poultry product prices generally remained stable or trended down, except in Buenos Aires, Mexico City, and Rome. In Brussels, broiler prices dropped 3.5 percent to the January 1975 level.

Continued overproduction and strong French competition on the West German market caused egg prices to drop by 3 percent.

London egg prices declined as a result of resumption of warm weather after a cold period, but are higher than at the time of the March survey, when

City	Steak, sirloin, boneless	Roast, chuck, boneless	P ch
Bonn	3.85	2.77	2
Brasilia	1.29	1.08	1
Brussels	3.82	2.09	1
Buenos Aires	[1].73	[1].32	
Canberra	1.50	.53	1
Copenhagen	4.62	2.23	2
London	3.28	1.59	1
Mexico City	[1] 1.23	[1] 1.16	1
Ottawa	1.83	1.15	1
Paris	3.04	1.67	1
Rome	3.24	2.16	2
Stockholm	[1] 4.90	[1] 2.03	[1] 2
The Hague	3.66	2.53	2
Tokyo	15.59	4.37	2
Washington	1.92	1.52	1
Median	3.24	1.67	1

[1] Government ceiling prices. [2] Not availab

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City	Steak, sirloin, boneless	Roast, chuck, boneless	P ch
Bonn	+ 1	+ 14	+
Brasilia	+ 34	+ 64	—
Brussels	+ 15	+ 13	
Buenos Aires	+ 53	+ 23	
Canberra	— 32	— 54	+
Copenhagen	+ 8	+ 36	+
London	+ 21	+ 33	+
Mexico City	([1])	([1])	
Ottawa	— 6	— 1	+
Paris	+ 6	+ 3	+
Rome	+ 34	+ 3	+
Stockholm	+ 7	— 5	+
The Hague	+ 3	+ 10	
Tokyo	+ 11	— 20	+
Washington	— 26	+ 24	+
Median	+ 20	+ 16	+

[1] Not available.

the spring flush of laying peaked early because of mild weather.

Fruits and vegetables were higher in most capitals surveyed. Tomatoes were up in 9 capitals; onions in 12, apples in 11, and oranges in 13.

Bread also was generally higher in price. Brazil reflected the largest increase—a 20 percent rise. Rice was stable or down in all 15 capitals.

In January 1975, sugar was added to the list of items surveyed. Since that time, this commodity has declined 50 percent in price at the retail level in the United States.

In Canada, both rice and sugar registered declines from the March levels. The price of a 5-pound bag of sugar fell 30 percent—from $2.49 in March 1975 to $1.74 in the current survey.

Some data are not available for inclusion in the tables accompanying this report. During the past year, the tables presenting retail food prices in selected world capitals have undergone a number of changes. Mexico City was added in July 1974. At the same time, milk and cooking oil were added to the list of food items. In January 1975 rice as well as sugar was added as world sugar prices took on added significance.

Vast percentage changes are reflected in the survey for all food item groups. For example, the May 1975 survey shows sirloin steak 26 percent lower in price in Washington, D.C., than in the May 1974 survey.

The same commodity in Canberra is 32 percent less, and in Ottawa, 6 percent less. In Buenos Aires, sirloin steak is 53 percent higher, and in both Brasilia and Rome, 34 percent more.

Orange prices in Buenos Aires went up by a startling 233 percent during the year, and apples in the same city by 184 percent. Cheese was up 125 percent.

In Paris, onion prices were 303 percent higher than those of a year ago. In Canberra, chuck roast prices were 54 percent lower than in May 1974. The same item in Brazil went up 64 percent.

Food prices that did not change in the 1-year period were pork chops in Buenos Aires and the Hague, and ham in London and the Hague.

Bread went up everywhere but Tokyo.

—By SIDONIA R. DICOSTANZO, *FAS*

SURVEY OF RETAIL FOOD PRICES IN SELECTED WORLD CAPITALS, MAY 7, 1975

[In U.S. dollars per lb, converted at current exchange rates]

Pork chops	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Cheese: Edam, Gouda, or Cheddar	Milk, whole, quart	Oil, cooking, quart	Tomatoes	Onions, yellow	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
2.29	1.69	3.25	0.77	1.10	1.54	1.81	0.44	2.96	0.73	0.38	0.47	2.02	0.62	0.92	0.35
1.14	2.34	2.70	.53	.72	1.35	2.28	.24	1.11	.27	.31	.55	.59	.54	[1].25	[1].11
1.83	2.69	1.38	1.05	.94	1.70	1.95	.43	1.41	1.17	.16	.39	1.75	.28	.47	.29
[1].29	([2])	[1].89	.45	.48	[1]1.38	1.43	[1].17	.75	.29	.14	.33	1.17	.21	.24	[1].18
1.74	2.25	2.32	1.27	1.16	.93	1.43	.54	1.98	.47	.31	.26	1.78	.38	.32	.19
2.56	3.17	2.66	1.04	1.27	1.58	1.98	.40	[3]2.39	1.65	.49	.41	3.03	.46	.56	.27
1.64	1.50	2.10	.68	.94	.70	.98	.22	1.59	1.05	.26	.39	1.97	.22	.46	.35
1.38	1.88	1.70	.87	[1].86	1.85	3.03	[1].30	[1]1.33	.16	.11	.29	.31	[1].28	[1].38	[1].08
1.69	1.83	1.43	.79	.76	1.04	1.49	.56	1.59	.38	.29	.45	1.16	.31	.52	.34
1.96	3.03	3.48	1.03	1.09	1.64	1.77	.36	1.50	.94	.28	.47	2.23	.79	.37	.26
2.02	2.68	1.86	1.00	1.08	1.87	1.53	.38	1.22	.72	.18	.29	1.24	.42	([2])	.30
[1]2.44	3.32	2.59	1.45	1.31	1.39	[1]1.80	[1].33	[3]4.59	1.56	.57	.64	1.69	.77	.53	.36
2.02	1.87	3.19	.60	.99	1.43	1.74	.35	1.17	.52	.17	.26	1.08	.19	.47	.29
2.81	4.19	3.43	.94	.79	2.01	1.76	.65	1.63	.57	.17	.54	2.29	.46	.34	.43
1.82	2.23	1.58	.53	.76	.89	1.88	.46	1.89	.66	.29	.49	1.51	.47	.43	.39
1.83	2.30	2.32	.87	.94	1.43	1.77	.38	1.59	.66	.28	.41	1.69	.42	.44	.29

ilable. [3] Not commonly used for cooking.

RETAIL FOOD PRICES IN SELECTED WORLD CAPITALS: PERCENT CHANGE, MAY 1, 1974—MAY 7, 1975

Pork chops	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Cheese: Edam, Gouda, or Cheddar	Milk, whole, quart	Oil, cooking, quart	Tomatoes	Onions, yellow	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
+ 8	− 28	+ 32	− 7	− 5	+ 6	+ 13	([1])	([1])	+ 40	+ 19	+ 65	+ 58	+ 7	([1])	([1])
− 32	+ 11	+ 4	+ 2	− 1	+ 56	− 99	([1])	([1])	− 11	+ 70	+192	0	+ 3	([1])	([1])
([1])	([1])	− 4	+ 7	− 13	+ 19	+ 40	([1])	([1])	+ 15	− 33	+ 30	+154	+ 9	([1])	([1])
0	([1])	+ 18	+ 35	+ 3	+ 91	+125	([1])	([1])	+ 15	+138	+184	+233	+ 44	([1])	([1])
+ 23	+ 2	+ 16	+ 31	+ 9	+ 13	+ 28	([1])	([1])	− 22	+ 5	+ 27	+ 59	+ 22	([1])	([1])
+ 15	+ 28	+ 16	− 13	− 10	+ 26	+ 26	([1])	([1])	+ 81	+ 51	+ 25	+ 39	− 7	([1])	([1])
+ 37	0	+ 22	+ 26	+ 11	+ 50	+ 27	([1])	([1])	+ 41	+ 35	+ 74	+ 56	+ 14	([1])	([1])
([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])
+ 19	+ 5	+ 55	0	− 9	+ 32	+ 21	([1])	([1])	− 50	+100	+ 18	+ 20	+ 23	([1])	([1])
+ 1	+ 11	+ 4	+ 3	− 19	+ 3	+ 33	([1])	([1])	+ 54	+303	+ 69	([1])	+ 33	([1])	([1])
+ 12	([1])	+ 24	([1])	− 6	+ 23	+ 35	([1])	([1])	+100	− 17	+ 45	+ 50	+ 33	([1])	([1])
+ 3	− 18	+ 30	+ 5	− 7	+ 9	([1])	([1])	([1])	+ 80	− 3	+ 22	+ 47	+ 4	([1])	([1])
0	0	+ 19	+ 7	+ 5	+ 6	+ 16	([1])	([1])	− 30	+ 35	+ 67	+ 14	+ 2	([1])	([1])
+ 29	+ 5	+ 38	− 25	+ 4	+ 42	+ 35	([1])	([1])	+ 9	− 51	+ 42	+ 7	0	([1])	([1])
+ 63	+ 57	+ 68	+ 18	+ 36	+ 13	+ 29	([1])	([1])	− 13	− 12	+ 48	+144	+ 96	([1])	([1])
+ 2	+ 3	+ 17	+ 6	− 1	+ 21	+ 35	([1])	([1])	− 3	+ 27	+ 28	+ 64	+ 27	([1])	([1])

Soybeans Are New Venture for South Africa

By RADO J. KINZHUBER
U.S. Agricultural Attaché
Pretoria

WITH AN ASSIST from excellent weather and high producer prices, South Africa's soybean outturn tripled last season to 15,680 metric tons from only 4,900 in 1973-74. To some observers, the jump in output suggests that soybeans may be on the verge of assuming a more important role in South Africa's agricultural economy.

Even with this year's record crop, however, soybean-growing is a relatively new venture for South African farmers. Future production advances will depend largely on economic incentives and year-to-year growing condition. If incentives continue favorable, soybeans could become a profitable alternative to grain and other oilseed crops for some South African farmers.

While year-to-year growing conditions cause wide fluctuations in South Africa's soybean yields, the key factor that will determine the magnitude of growth potential for this crop is profitability relative to other crops.

Government financial incentives to continue and even expand production of soybeans seem assured. To encourage production, the Oilseeds Control Board, with the approval of the Minister of Agriculture, has announced that the Board will buy soybeans in the 1975 season at the following guaranteed prices: Rands 143 (US$208) per metric ton net for grade SB1; Rands 137 (US$199) for grade SB2; and Rands 126 (US$183) for grade SB3. In terms of U.S. dollars per bushel, these prices would range between $4.98 and $5.66.

These prices will be paid for soybeans delivered in new jute grain bags to the Board's agents at railway stations from April 1, 1975, to October 31, 1975. With minimum prices set at these levels, most observers believe that South African farmers will continue to expand their production. A substantial shift from corn or other crops to soybeans could be possible, if weather and economic conditions are favorable. A new marketing scheme is now being considered by the Government, which may dramatically encourage future soybean production.

Another major determinant of the soybean's success in coming seasons will be the weather. South Africa's climate is unusually erratic, causing crop outturns to vary tremendously from year to year. Last year, climatic conditions were particularly favorable for corn, wheat, sorghum, and soybeans, allowing crops to be planted and harvested under the most favorable conditions. The corn crop, for example, rose to an unprecedented 11 million tons from only 4.1 million in 1972-73.

The triple jump in South African soybean production caught farmers, processors, and marketing people unprepared. Processors were not geared for the influx of so many soybeans. In addition, the low oil content of the domestically grown soybeans made them unpopular with crushers, who were accustomed to the higher oil yields of peanuts and sunflowerseed.

A small glut in oilseed meal supplies was experienced briefly on the local market, owing to the high rate of crushing and the larger proportion of meal from the abundant supplies of soybeans. Further, feed companies were reluctant to reformulate their rations to make use of the temporary oversupply of soybean meal. Fishmeal is freely available in South Africa at comparatively low prices and is an important traditional feed component.

According to the South African Min-

Soybeans, a relatively new crop to South Africa, flourish in the Nylstroom District of the Transvaal.

Long-term outlook dim

Soybean Crops Draw Attention Of Growth Areas

By JAMES K. FRECKMANN
U.S. Agricultural Attaché
Nairobi

AN INCREASING interest in soybean production among the world's developing nations appears to have its roots in various national plans for expanding export earnings as well as for improved levels of human nutrition in the affected countries.

A regional conference on soybeans at Addis Ababa in October 1974 featured exchanges of soybean information and research in subtropical areas by agricultural scientists and planners representing countries in Africa, the Mideast, and South Asia.

Up to now, there has been no substantial expansion of local soybean production in these areas, although a number of countries are expressing growing interest in soybean agronomy and cultivation.

Several factors—including a 10-15 year lead time before quantities of beans are available for export, disease, storage, and harvesting problems—suggest

istry of Agriculture, soybeans can be grown with equal success under the grassland conditions of the so-called highveld, middleveld, or lowveld areas, provided that a minimum of 20 inches of annual rainfall distributed throughout the growing season can be expected or supplementary irrigation is available.

At present, soybeans are being successfully grown as a major crop in the Lydenburg district, the Badfontein Valley, and the Badplaas and Loskopareas of the Transvaal. Most crops in these areas are irrigated, following after winter wheat.

Other areas, which depend primarily on rainfall for moisture, also show promise in soybean production. These include Middleburg, Bronkhorstspruit, and Carolina in the Transvaal; Dundee, Bergville, Vryheid, and Paul Pietersburg in Natal; and Middleburg in the Cape Provine. Plantings have also been reported in warmer parts of the eastern areas of the so-called highveld.

Ministry of Agriculture officials have specified that the best planting season in South Africa's highveld is from the beginning of September to the end of October. After the end of October, only short-season varieties can be planted.

In the middle and lowveld areas, however, where frost is not expected until the end of May, observers believe planting may be extended through the end of December.

The growing period for soybeans in South Africa depends on climate and weather in the area cultivated, as well as the varieties planted. Specialists believe that 130 to 145 days are sufficient for growing and ripening of soybeans. Spokesmen from the Ministry of Agriculture recommend that harvesting should be at a stage of 90 percent ripening and 16-17 percent moisture content.

Inspired by the success of commercial soybean producers in the United States and Brazil, many South African farmers are eager to learn more about the crop. As a result, the Government, as well as semiprivate and private groups, is making available detailed information on cultivation, planting, fertilization weeding, and harvesting.

Further, South African farmers are benefiting from research on new varieties and improved practices being conducted by agricultural institutions.

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that the long-term outlook for production of soybeans in many tropical and subtropical countries of Africa and the Mideast is dim.

Also, average yields of soybeans in these areas have proven to be very low even in test trials at research stations—another factor that acts as a disincentive to commercial production.

The growing interest in soybean production now being expressed by some African and Mideastern countries arises both from the desire of these countries to improve the levels of human nutrition as well as to earn more foreign exchange from exports of soybeans.

However, the 10-15 year lead time applying to new soybean production precludes any immediate hope of export earnings from this crop.

The following highlights summarize steps taken in soybean production by some developing countries:

Ivory Coast. Crash program started in 1974 to grow soybeans for seed on about 173 acres. About 2,500 acres are to be sown in 1975, with a long-range goal of 25,000-50,000 acres to provide crops for export. As no research has been conducted, it is not known if U.S. varieties will be suitable or not. There are no storage facilities for seed. University of Mississippi is sending a team to advise on storage.

Tanzania. Soybean production was first tried in 1907, About 1,800 acres sown to soybeans are in various trials as an intercrop for small farmers and another 2,000 acres have been sown in a peanut area. Japanese are seeking rights to grow soybeans for export to Japan.

Ethiopia. About 60 metric tons of soybeans were grown in 1973 and about 80 tons in 1974 for the Food Nutrition Institute for use in human (baby care) nutrition. About 700 tons of soy flour were imported from the United States in 1974. Government hopes to expand production enough over the next few years to eliminate these imports. A proposed law requires use of 2-3 percent soy flour in all flour milled. If approved, this law would create a market of 3,000 tons of soy flour annually by 1976.

India. Area sown to soybeans may reach about 750,000 acres by 1980, compared with about 210,000 acres in 1974. Twelve processing plants, of which five are solvent extraction plants, average 50 tons of beans per day. These plants have a total capacity of 83,000 tons annually, but are now processing only about 40,000 tons.

Nigeria. Government has plans to plant 100,000 acres by 1980 for export crops. But results of research and commercial production to date indicate that only a fraction of this target will be met.

Sierra Leone. Some trials have been carried out since 1966, but no commercial production has been tried or contemplated. The country's small poultry industry imports meal from the United States, and is pushing for location production of soybeans to reduce feed costs.

Ghana. Soybeans production was first tried in 1906, with poor results. In 1972, the Government decided to try again in the hope of reducing large imports of soymeal and oil. Trials are still being conducted. About 1,300 acres are to be sown to soybeans in 1975 and about 13,000 (enough to make the country self-sufficient) by 1980. A Chinese group, now growing cotton on about 5,000 acres, may plant soybeans in 1975 as a rotation crop.

Rwanda. Soybeans were grown on about 4,000 acres in 1974, and plans are to increase this area to 10,000 acres over the next few years. All current production is for domestic food, and plans are to export beans to neighboring countries in the future. A French aid group is encouraging production.

Sri Lanka. Soybean crops were first tried in 1947. Varietal testing is now being conducted, and about 5,000 acres were planted in 1974 on rice land as a rotational crop. Government is issuing free seed to farmers willing to plant soybeans. Plantings were zero in 1970, but world prices are encouraging expansion of plantings.

Iraq. About 13,000 acres were assigned to a seed multiplication scheme in 1974, and about 50,000 acres are to be planted in 1975 to meet domestic oil and meal needs.

Saudi Arabia. Varietal testing is planned. If a decision to begin commercial production is made, policy will be to satisfy domestic needs for oil and meal, rather than import.

India's Wheat Crop Near Record, But Imports Still Up

India's wheat crop has been estimated to be considerably higher than last year's, and close to the calendar 1972 record of 26.4 million metric tons. Its wheat imports, however, are still on the rise.

This year's wheat output is expected to hit 26 million tons, compared with last year's crop of 22.1 million. The increase is attributed mainly to favorable weather—timely rainfall and below-normal temperatures in March, during the crucial head-filling stage. Other helpful factors were minimal damage from plant diseases, an improved power supply for irrigation, and expanded use of fertilizer and high-yield grains.

Wheat imports for the first half of 1975 have been preliminarily estimated at 4.2 million tons, compared with 1.7 million for the same period last year and 1 million in 1973. The United States is providing about 3 million tons of the January-June 1975 imports.

The average value of wheat imports during the first half of 1975 is estimated at $165 per ton, for a total value of about $700 million. While prices for wheat delivered late this year may fall below an average of $150 per ton, the value of India's wheat imports for all of 1975 could reach a record $1.2 billion, with 7.5-7.8 million tons imported.

Besides wheat, other rabi (spring) crops, such as barley and pulses, are better than last year's in most areas. Total rabi crop production, including summer rice and sorghum, could surpass the 1972 record of 42.2 million tons. This will help to offset the decline in last fall's kharif crop, and should bring total production of foodgrain for 1974-75 to about 102 million tons.

Though the total foodgrain figure is slightly less than last year's, it is still about 6 million tons short of the record of 1970-71. Since that season, India's population has increased by over 50 million people, but crop yields have declined. With limits on expansion of tillable land, a breakthrough in yields is needed—until then India must rely on imports to feed its rapidly swelling population.

Major-Market Soybean Imports Rise

The most recent data available for the marketing year beginning October 1, 1974, show soybeans and soybean meal still bucking an otherwise downward trend in imports of oilseeds and meal by eight major markets. However, all the gain has occurred in Brazilian soybeans and meal at the expense of the U.S. products.

Cumulative imports of soybeans and meal by the eight countries since last October (see table below) were up nearly 4 percent to 4.9 millon tons, soybean meal basis, with the gain equal to the protein fraction of 8 million bushels of soybeans. Still, the 4 percent increase was well below the 8 percent advance recorded 2 months earlier and shipments to Japan and Spain continued their lag of previous recent months.

Imports of all oilseeds and meal into the eight markets, on the other hand, were 1.2 percent below the 6.74 million tons imported in the 1973-74 period. The net decline equals the protein fraction of 4 million bushels of soybeans and largely reflects sharply reduced takings by Japan, the United Kingdom, and Spain.

The underlying strength in imports of soybeans and meal chiefly reflects the fact that soybean meal prices, basis Europe, during October 1974-March 1975 averaged 3 percent below the price of corn. During the same 6 months of 1973-74 meal prices averaged 43 percent above corn prices.

Because of the extensive decline in the soybean meal/corn price ratio in recent months, soybean meal in March was priced nearly 20 percent under corn compared with a 26 percent premium in March 1974. This rather unusual phenomenon is causing foreign cattle and hog feeders to use larger than normal proportions of meal in their rations. Nevertheless, reduced poultry production is restricting meal consumption growth.

U.S. exports of soybeans and meal during October 1974-March 1975 to the eight countries listed below totaled 6.18 million metric tons, meal basis—14 percent under the 7.18 million exported in the same 6 months of 1974-75. Most of the decrease took place during February-March. Total U.S. exports of soybeans and meal to all destinations in the first half of 1974-75 were 8.3 million tons, meal basis—20 percent below the 10.35 million exported in the same 1973-74 period.

During the 1974-75 period, U.S. exports of soybeans and meal to the selected eight major markets represented a significantly larger proportion of total U.S. exports. This reflected the fact that sharp reductions occurred in U.S. exports to other destinations such as the People's Republic of China, Yugoslavia, and Mexico.

This season's gain in imports of soybeans and meal by the eight selected countries is the result of sharply expanded movements from Brazil, since U.S. exports to those destinations have declined significantly.

NET IMPORTS OF OILSEEDS AND MEALS INTO SELECTED MAJOR MARKETS [1]

Country	Period	Soybeans and meal		Total oilseeds and meals	
		1973	1974	1973	1974
		1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Japan	Oct.-Mar.	1,485	1,417	1,939	1,808
West Germany	Oct.-Jan.	892	1,011	1,388	1,580
France	Oct.-Mar.	806	868	1,120	1,149
Spain	Oct.-Dec.	380	347	513	441
Netherlands	Oct.-Nov.	139	202	223	290
United Kingdom	Oct.-Dec.	356	343	639	421
Denmark	Oct.-Feb.	297	341	455	516
Italy	Oct.-Dec.	405	403	460	454
Total		4,760	4,932	6,737	6,659
Change from previous period			*Percent* +3.6		*Percent* −1.2

[1] Expressed in 44 percent soybean meal equivalent.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 3	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.44	+27	5.16
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.37	+7	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	4.49	−12	5.10
U.S. No. 2 Hard Winter:			
13.5 percent	3.81	−3	4.67
No. 3 Hard Amber Durum	6.70	+3	6.74
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.40	0	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.02	−2	3.33
French Maize [2]	3.13	−1	(1)
Argentine Plate corn	3.78	−3	3.59
U.S. No. 2 sorghum	2.87	−5	3.00
Argentine-Granifero sorghum	2.98	+6	3.01
U.S. No. 3 Feed barley	2.07	+5	2.85
Soybeans:			
U.S. No. 2 Yellow	5.59	−35	6.52
EC import levies:			
Wheat	1.86	+3	.12
Corn	1.21	+9	.19
Sorghum	1.52	+23	.58

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

EC Wheat Production May Drop, But Feedgrain Output To Rise

The most significant aspect of the outlook for 1975 EC grain crops continues to be the likelihood of lower output of wheat and higher feedgrain production than in 1974.

Western Europe experienced a relatively mild winter, but as of mid-May, the overall condition of winter grain crops was somewhat below normal, primarily because of late plantings and adverse early spring weather. Unusually late spring storms and heavy precipitation slowed spring planting in many areas.

PRC To Import Rice From Egypt

As part of a trade protocol to be signed by the People's Republic of China (PRC) and Egypt in the near future, the PRC is reportedly planning to take an unspecified quantity of rice, in addition to other goods, from Egypt. Since the PRC is a large rice exporter, the inclusion of rice probably reflects the limited number of exportable items available from Egypt. Any rice taken by the PRC from Egypt seems likely to be used by the PRC for resale or as payment on its other trade with Mediterranean countries.

Colombia May Change Wheat Import System

Colombia is reportedly considering a change in its wheat import system. Under the system being considered, duties on imported wheat would rise or fall in accordance with world market prices, and flour mills might be authorized to import wheat freely under certain conditions. The domestic resale price for imported wheat would reportedly continue at about the current level. Imported U.S. wheat is currently sold to Colombian millers at a fixed price of $256.73 per metric ton, almost double the recent world market level.

Yugoslavia's Wheat Production Prospects Improve

Wheat production in Yugoslavia in 1975 is now estimated at about 5 million metric tons—a 19 percent increase over the previous estimate. Despite improved production prospects, the 1975 wheat crop will be well below that of last year, when a record 6.3 million metric tons were harvested. Though 5 million tons will not cover 1975-76 consumption needs, Yugoslavia is expected to draw from its rather large stocks and is unlikely to have to import any wheat in 1975-76.

Brazilian Bean Supply Up

With beans in abundant supply in Brazil, the Government is permitting limited exports, and is purchasing beans at minimum prices. A year ago, beans were selling for as much as 55 U.S. cents per pound. As much as 1 million bags may already have been purchased, and about one-third of this volume reportedly is being held by the Government to discourage speculation.

OILSEEDS AND PRODUCTS

Peruvian Fisherman Net More Than Two Million Tons

Peru's fishing season that resumed on March 10 ended on May 15 with an estimated total catch of 2.3 million tons for this 1975 period. Exploratory fishing off the southern coast is expected to continue until the end of June. If the rate of catch during this period is maintained at a level comparable to the January 1-March 9 period, when over 600,000 tons of fish were caught, the total catch for the first half of 1975 could approximate 3.5 million tons.

Preliminary estimates indicate that from January 1 through May 15, 2.9 million tons of fish were landed, yielding about 169,000 tons of oil and 606,700 tons of meal.

COTTON

Soviet Cotton Prospects Point To Record Crop

Cotton planting in the USSR has progressed faster than normal and prospects are good for the 1975 harvest to at least match last year's record 12.9 million bales. Nearly 7 million acres had been planted by April 28, 1975, according to Soviet press reports. This is 10 to 13 percent above the area seeded by April 28 in the 3 previous years and 97 percent of the total area seeded in 1974. The probable production range is 12.4-13.4 million bales, with current indications supporting 12.9 million or more.

World Cotton Output And Usage Decline

World cotton production and consumption are expected to fall in 1975-76. This marks the first production decline in 6 seasons.

The anticipated production drop will be some 4 million bales (480 lb net) from the indicated 1974-75 record of 63.1 million bales—the result of a potential 5-million-acre reduction in cotton area.

Farmers and governments of producing countries had re-evaluated planting decisions in view of escalating production costs, reduced textile demand, and low cotton market prices over the past year, with the effect that 1975-76 cotton area is now placed a only 77 million acres. However, recently strengthening cotton prices and evidence of an impending upturn in textile demand has tempered some of the earlier pessimism and may reduce the magnitude of estimated cutbacks.

The prospective world 1974-75 (August-July) cotton production of an estimated 63.1 million bales is 1 million bales more than last season's. World cotton consumption, meanwhile, is likely to drop some 3 million bales from the 61.3 million record of last season. World raw cotton stocks may climb to a near record 30.5 million bales at the end of the current season—more than 50 percent of annual world consumption.

TOBACCO

Rhodesia's Tobacco Auctions Disappoint Farmers

Rhodesia's tobacco auctions opened April 7 after a 3-week delay. Prices were reported to be down substantially during the opening days and farmers were gloomy over the situation because of increased production costs. Crowded conditions resulted from rejected sales and the Government is reported to be making contingency plans. Details have not yet been revealed.

The crop is said to be on the light side because of excessive rains during the growing season.

There are also indications of weakening tobacco prices over the past few months in other foreign markets because of expectations of larger 1975 crops. These lower prices may mean that the period of tight supplies has ended and expected marketings from the 1975 crops will maintain adequate supplies to meet anticipated requirements.

Australia Raises Guaranteed Price for Tobacco Leaf

The average minimum guaranteed growers' price for Australian flue-cured tobacco sold during 1975 has been raised 16 percent to U.S. $2.05 per pound. This follows a 7 percent increase in 1974. In the United States, the 1975-crop loan-rate is 93.2 cents per pound of flue-cured.

While Australia's duty on unmanufactured tobacco imports is bound by the General Agreement on Tariffs and Trade at 72 U.S. cents per pound, substantial nontariff barriers will prevent any significant increase in the 45 percent share of foreign leaf in total manufacturers' usage. The United States supplied 60 percent of Australia's 31 million pounds of imported leaf in 1974, while South Korea, Malawi, Greece, and Brazil were also significant suppliers.

The market for Australian-grown leaf is virtually guaranteed by a 55 percent domestic-leaf mixing requirement for manufacturers, by the 18-month domestic-leaf stock regulations, and by the annual domestic flue-cured leaf marketing quota, set at 34 million pounds for 1975. Flue-cured leaf accounts for 97 percent of the tobacco crop in Australia, which is nearly self-sufficient in burley.

Australian imports of tobacco products will be favored as manufacturers continue to pass on increased domestic-leaf prices and other rising production costs to consumers. The GATT-bound duty on products is now barely sufficient to protect Australian premium cigarettes from imports, nearly 70 percent of which were supplied by the United States in 1974.

French Tobacco Distributors Hit By Cost-Price Squeeze

French tobacco-product distribution was disrupted in late April when Paris and Lyon employees of the French Monopoly (SEITA) struck regional warehouses. Demands for higher wages thus aggravated SEITA's revenue difficulty—the result of a ceiling on retail cigarette prices and tobacco growers' continuing demands for higher leaf prices.

As wholesale workers seek 100 French francs (FF) more per month ($24.70) and improved working conditions, Gauloises and other dark French-blend cigarettes continue to sell at 1973 prices. The Finance Ministry so far has denied SEITA's request to raise prices. Thus, while general consumer prices rose 15 percent in 1974, stable cigarette prices contributed to a 7 percent growth in cigarette sales in 1974.

On the leaf-supply side, SEITA's proposed 1975-crop price of 11.04 FF per kilogram ($1.24 per lb) is 10 percent above the 1974-crop price. But growers claim this fails to cover increased production costs. SEITA has thus agreed to renegotiate growers' prices in October prior to harvest.

French leaf production declined slightly during 1974 to 114 million pounds, 98 percent of which was dark air-cured and sun-cured. Imports rose by 24 percent to 149 million pounds in the same period. Imports of dark tobacco, which rose 96 percent to 115 million pounds, accounted for nearly all the increase, reflecting continued growth in French consumption of dark tobacco products. French leaf growers have expressed concern over the declining share of French leaf in SEITA products.

In light of growers' and distribution workers' dissatisfaction with earnings, SEITA may win approval of a cigarette price increase to meet revenue needs. This could occur prior to the

traditional end-of-summer round of increases in those consumer prices under government control.

While French leaf imports from the United States rose in 1974, neither country is significantly dependent on the other in the tobacco trade area. American-blend cigarettes made by European subsidiaries and licensees of U.S. manufacturers are sold in France by SEITA-licensed retail shops, which under EC regulations will lose their distribution monopoly beginning in 1976.

South Korean Tobacco Export Boom Continues

Korean tobacco leaf exports have continued their impressive growth pattern of recent years, reaching 91 million pounds in 1974, 85 percent above the level of 1973. Export value in 1974, at $47 million, was more than double the 1973 level as average export prices rose 15 percent.

A decade ago Korean exports averaged less than 1 million pounds, but have grown rapidly since the late 1960's. The Korean Tobacco Monopoly expects to ship 110 million pounds in 1975, and hopes the current dollar value of tobacco exports will double again by 1979, relative to the 1974 figure. Europe and Asia are target markets for this expansion.

The United States was the leading shipping destination for Korean leaf exports in 1974. The Monopoly reports 33 million pounds (triple the 1973 volume) averaging 46 cents per pound in value, were sent to the United States, although reported U.S. imports from Korea are substantially lower. Other major Korean export destinations were the United Kingdom, West Germany, and other European and Asian countries.

Flue-cured leaf accounted for over 70 percent of Korean exports, the remainder of which were burley. Acreage planted to flue-cured is expanding while that to burley is declining.

FRUIT, NUTS, AND VEGETABLES

Italian Lemon Prices, Orange Production Down

The market for Italian lemons in early April was reportedly depressed; the on-the-farm price for fresh lemons in the Messina area was about 85 lire per kilo (6.2 U.S. cents per lb) compared with 99 lire per kilo (7.2 cents per lb) 1 year ago. Lemons for processing were selling for about 55 lire per kilo (4 cents per lb) compared with 78 lire per kilo (5.7 cents per lb) one year ago.

Official early season estimates indicate that lemon production would reach 725,000 metric tons, the largest production since 1971-72 and a 5 percent jump from last year's. Fresh lemon exports for the season through February 1975 were estimated at 73,000 tons gross weight, about 10 percent less than in the corresponding period last year.

Winter drought and frost damage have caused a reduction in orange production, now officially estimated at 1.45 million tons, compared with early season estimates of 1.625 million and last season's production of 1.557 million. Fresh orange exports at the end of February were estimated at 75,000 tons, down 7 percent from the same period of last year. The price of Sanguinella oranges on the farm in Palagronia (Catania) was 96 lire per kilo (7 cents per pound) versus 93 lire per kilo (6.8 cents per pound) a year ago.

West German Court Decision May Assist U.S. Citrus Marketing

A recent ruling of a court of appeals in Stuttgart, West Germany, may indirectly improve the marketability of U.S. citrus fruit in that country. Currently U.S. citrus shipped to West Germany is treated with one or more protectants such as diphenyl, SOPP, TBZ, or wax coating to control decay and maintain quality during shipment. This U.S. fruit in the German market must be labeled "treated with diphenyl (etc.), peel not fit for human consumption." Therefore U.S. fruit has been sold at an apparent disadvantage to the citrus fruit of nearby Mediterranean countries which has been marketed and advertised as "natural."

In the recent West German case the court decided that it was misleading to label lemons "natural" even when parathion residue on the fruit was within limits approved by the Pesticide Residue Ordinance. The court decision appears to set a precedent that will make it much more difficult to use the term "natural" as freely as in the past, and perhaps thereby enhances the competitive position of U.S. citrus by minimizing the contrast between fruits labeled "treated" and others marked "natural."

SUGAR AND TROPICAL PRODUCTS

India's Black Pepper Exports Increase

India's exports of black pepper during the first half of the 1974-75 November-October marketing year have totaled about 19,000 metric tons, up nearly 7 percent over a year-earlier exports of 17,800 tons. The major recipients of these shipments were: The USSR, 6,000 tons; Eastern Europe, 4,000; and the United States, 4,500.

Kenya's Pyrethrum Production Up

Kenya's 1973-74 (October-September) pyrethrum production (dry flower basis) totaled 30.3 million pounds, up 28 percent over the 1972-73 harvest of 23.6 million. Prospects for the 1974-75 crop are good and the harvest is expected to approximate 31 million pounds.

The United States is the major market for Kenya's pyrethrum exports. U.S. imports of pyrethrum in 1974 were valued at $6.9 million, of which Kenya supplied $4 million.

Other Foreign Agriculture Publications

- World Cotton Statistics, 1947-74 (FC 7-75)
- World Output of Oilseeds and Meals Expected to Decline in 1975 (FOP 2-75)
- World Coffee Production Estimate Reduced (FCOF 2-75)
- U.S. Imports of Vegetable Fibers Other Than Cotton in 1975 (FVF 1-75)
- Value of U.S. Seed Exports Increased in July-December 1974; Volume Down (FFVS 2-75)
- World Grain Situation: Outlook for 1975-76 (FG 6-75)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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Genesis of Agricultural Export Sales Reporting

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way for temporary export controls, stating that they would be held in abeyance pending confirmation that the volume of export activity made them necessary. Two weeks later, on June 27, controls actually went into effect with an embargo on export sales of soybeans, soybean meal, cottonseed, and cottonseed meal until a formula could be devised to reduce outstanding sales on a pro rata basis. Licensing procedures were announced on July 2 and remained in effect through September.

Since then, the monitoring of export sales of agricultural commodities has continued without interruption. The Commerce Department operated the system imposed in June 1973 until the activity was placed in the Department of Agriculture under the amended Section 812 of the Agriculture and Consumer Protection Act of 1973. The responsibility was assigned to USDA Statistical Reporting Service. Then in October 1974, it was transferred to the Foreign Agricultural Service so that the bare data could be supplemented with interpretation and evaluation.

The immediate objective of the Commerce Monitoring Program was to provide a basis for making decisions on the control of exports.

But, the very fact that the control agency did the monitoring caused great apprehension in the marketplace, prompting a flurry of protective buying lest controls be imposed. Under free market conditions, the close tie between export monitoring and export controls virtually guaranteed a gross exaggeration of export sales data in relation to real export demand.

Long after its transfer to USDA, the sales reporting system still suffers from this apprehension, even though USDA's objective is quite different: namely, to provide meaningful data and objective analysis in a way that will foster, and not impede, export trade in U.S. agricultural commodities.

The system that this Department received in September 1973 was much matured and vastly improved as compared to the procedures placed into effect only days after President Nixon's surprise announcement in the summer of 1973. It was the Department of Commerce that suffered the birth pains and nursed its obstreperous offspring through a most trying infancy, albeit with some help from USDA personnel. Although efforts to improve the quality of the export sales data have continued without interruption through different managements, much remains to be accomplished. But, that is another story and the subject of a later article in this series.

German Corn Imports

Continued from page 5

West Germany were 15.5 percent of the EC total of 3.063 million tons. Through January 7, 1975, Germany's share rose slightly to 17.1 percent of the European Community's 5.332 million tons, reflecting not only German, but also EC-wide interest in imported corn. Almost all of the surge in licenses was expected to be satisfied with U.S. corn.

Based on the heavy arrivals of U.S. corn in January and February, Germany was believed to have sufficient supplies to last into April. At that time, belatedly offered French corn should begin to arrive. In any event, there appears to be enough corn available for German feed needs to encourage wheat to enter and stay in intervention stocks.

Although the marketing year is far from over, these trading activities had shaped to a great extent the disposition of Germany's 1974 grain production.

Ireland and the EC

Continued from page 4

mean Ireland will agree to some measure of revision in the CAP principle as demanded by such industrial nations as Britain and West Germany. Also, while most Irishmen believe that it is important for the United Kingdom to remain in the EC because of the many important financial and economic ties between the two countries, they also feel—like Ireland's Prime Minister Liam Cosgrave—that even if Britain leaves the EC, it would still be in Ireland's interest to remain a member.

Without the EC intervention system, the Irish farmer would be in a worse position today than if he were not an EC member.

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